

Agency Legislative Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Leg. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Leg. Budget Fiscal 2005	Total Leg. Budget Fiscal 04-05
FTE	361.03	4.00	(9.00)	356.03	4.00	(9.00)	356.03	356.03
Personal Services	13,549,361	3,795,393	(356,079)	16,988,675	3,785,788	(942)	17,334,207	34,322,882
Operating Expenses	26,222,312	36,285,145	(73,814)	62,433,643	(6,053,958)	(172,256)	19,996,098	82,429,741
Equipment	85,504	11,121	0	96,625	11,121	0	96,625	193,250
Grants	1,036,769	273,888	253,499	1,564,156	293,866	258,069	1,588,704	3,152,860
Benefits & Claims	1,364,619	(264,619)	0	1,100,000	(264,619)	0	1,100,000	2,200,000
Transfers	0	0	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0	0	0
Total Costs	\$42,258,565	\$40,100,928	(\$176,394)	\$82,183,099	(\$2,227,802)	\$84,871	\$40,115,634	\$122,298,733
General Fund	3,546,942	142,000	(560,079)	3,128,863	128,799	(512,185)	3,163,556	6,292,419
State/Other Special	22,494,902	30,397,202	81,218	52,973,322	(7,173,463)	239,946	15,561,385	68,534,707
Federal Special	16,216,721	9,561,726	302,467	26,080,914	4,816,862	357,110	21,390,693	47,471,607
Proprietary	0	0	0	0	0	0	0	0
Total Funds	\$42,258,565	\$40,100,928	(\$176,394)	\$82,183,099	(\$2,227,802)	\$84,871	\$40,115,634	\$122,298,733

Agency Description

The Department of Environmental Quality is responsible for regulating air quality, water quality, underground storage tanks, automobile wrecking facilities, hazardous waste facilities, solid waste management systems, and mining operations; and for siting and needs analyses of large-scale energy facilities. In addition, the department is the lead agency for reclamation and clean-up activities related to the federal and state superfund programs, leaking underground storage tanks, and regulation and permitting of mining conducted on private, state, and federal lands.

Summary of Legislative Action

Department of Environmental Quality Major Budget Highlights	
<ul style="list-style-type: none"> ○ The legislature approved authority to spend bond forfeitures up to a total of \$30.4 million ○ \$5.5 million state special revenue for mine reclamations was approved, with funding derived from the sale of reclamation bonds <ul style="list-style-type: none"> ○ Up to \$2.5 million of the \$5.5 million must be used to fund the account for perpetual water treatment at the Zortman and Landusky mines if Congress appropriates at least \$10.0 million for the same purpose in the 2005 biennium ○ Pay increases associated with a move to pay plan 20 cost \$2.5 million over the biennium, funded with a series of permanent reductions in both operations and personal services ○ HB 13 added \$0.6 million across all fund types for the 2005 biennium ○ Funding was added to implement SB 107, which increases junk vehicle payments to counties from \$1.00 to \$1.25 per vehicle ○ In total, the legislature added a net of 4.00 FTE as present law adjustments and reduced 9.00 FTE through new proposals, including 8.00 FTE eliminated to make pay plan 20 reductions permanent in nature 	

The legislature approved present law changes in HB 2 adding 4.00 FTE in each year of the biennium and increasing base expenditures by a net amount of \$37.9 million over the 2005 biennium. The bulk of these increases are from authority approved for bond forfeitures and authority to spend funds from a bond issue. New proposals contributed to a net funding decrease of \$91,523 over the biennium. Major budgetary issues include the following:

- The legislature approved a biennial appropriation of \$30.4 million to utilize bond forfeitures to cleanup mine sites
- \$5.5 million state special revenue for mine reclamations was approved, with funding derived from the sale of reclamation bonds. Up to \$2.5 million of the \$5.5 million must be used to fund the account for perpetual water treatment at the Zortman and Landusky mines if Congress appropriates at least \$10.0 million for the same purpose in the 2005 biennium
- Pay increases associated with a move to pay plan 20 cost \$2.5 million over the biennium, funded with a series of permanent reductions in both operations and personal services
- HB 13 added \$0.6 million across all fund types
- A number of base adjustments were approved throughout the department. These appropriations were approved in anticipation of full staff levels over the next biennium
- The legislature approved funding of \$0.4 million over the biennium to cleanup underground storage tank sites where a responsible party is unable or unwilling to do the work or where no responsible party can be identified
- Funding was added to implement SB 107, which increases junk vehicle payments to counties from \$1.00 to \$1.25 per vehicle
- The legislature added funding to continue with the department wide database maintenance and enhancement project. This project is working toward converting existing department databases into an integrated ORACLE base system
- In total, the legislature added a net of 4.00 FTE as present law adjustments and a reduced 9.00 FTE through new proposals, including 8.00 FTE eliminated to make pay plan 20 reductions permanent in nature

Reorganization

The legislature approved a request for an agency reorganization that moves the Montana Environmental Protection Act (MEPA) program to the Central Management Division. MEPA applies to the entire department with the director being the final decision maker. Thus, the legislature transferred two FTE in the MEPA Unit from Program 50 to Program 10. There are no financial savings or additional costs from the creation of the unit in Program 10.

Funding

The following table summarizes funding for the agency, by program and source, as adopted by the legislature.

Total Agency Funding 2005 Biennium Budget					
Agency Program	General Fund	State Spec.	Fed Spec.	Grand Total	Total %
Central Management Program	\$ 457,473	\$ 1,587,127	\$ 919,392	\$ 2,963,992	2.4%
Plan.Prevent. & Assist.Div.	3,609,951	2,611,470	19,494,986	25,716,407	21.0%
Enforcement Division	767,089	421,741	745,415	1,934,245	1.6%
Remediation Division	-	9,186,271	13,241,044	22,427,315	18.3%
Permitting & Compliance Div.	1,457,906	54,728,098	13,070,770	69,256,774	56.6%
Grand Total	<u>\$ 6,292,419</u>	<u>\$ 68,534,707</u>	<u>\$ 47,471,607</u>	<u>\$ 122,298,733</u>	<u>100.0%</u>

Other Legislation

House Bill 7 - The legislature appropriated resource indemnity trust (RIT) interest to the Department of Natural Resources and Conservation for reclamation and development projects. Included in the appropriation is \$0.6 million for grants to the Department of Environmental Quality for: 1) the Washington Mine and Millsite reclamation; and 2) Drumlummon Tailings and Goldsil mine waste reclamation. See the Long Range Planning section in Volume 4 for a list of specific projects funded in HB 7.

House Bill 10 - HB 10 allocates revenue from the resource indemnity and ground water assessment tax to make debt service payments on Comprehensive, Environmental Response, Compensation, and Liability Act (CERCLA) bonds to be issued for Libby reclamation. Further, it creates a CERCLA cost recovery special revenue account. The money in the recovery account must be transferred to the CERCLA match debt service fund and used to pay any principle, premium (if any), and interest on bonds and notes issued under 75-10-623, MCA.

House Bill 12 - The legislature authorized the Board of examiners to issue and sell bonds totaling \$2.5 million to fund various energy conservation projects under the State Building Energy Conservation Program. In addition, HB 12 appropriates \$0.4 million of the bond proceeds to prepare and implement energy conservation projects.

House Bill 144 - HB 144 revises various underground storage tank laws by: 1) increasing the time limit for submitting cleanup expense reimbursement requests from 2 years to 5 years; 2) changing some definitions; 3) increasing annual tank registration fees; and 4) revising various requirements for annual inspections and permits. Due to the fee increase, it is expected that \$0.4 million in additional fee revenue will be generated over the biennium.

House Bill 437 - HB 437 clarifies how legal challenges to certain permits or licenses are treated. More specifically, HB 437 states that: 1) legal fees and other applicable costs can be collected if a challenge was for an improper purpose; 2) a challenge must be brought in the county in which the activity subject to the permit or license will occur; and 3) certain persons may not conduct remedial action concerning cleanup activities at any facility that is subject to an administrative or judicial order.

House Bill 509 - HB 509 revises a number of laws related to electrical energy including establishing options for customer choice of electrical supply, small customer protection, and modifying distribution requirements. In addition, HB 509 reduces the current application and annual fee for suction dredge permits. The department estimates that the price reduction will increase the number of permit applications from 6 to 40 resulting in revenue increases of \$825 per fiscal year.

Senate Bill 103 - SB 103 allows a transfer from the orphan share account to the hazardous waste/CERCLA and to the environmental quality protection fund. SB 103 limits total amount transferred to \$600,000 and provides a mechanism for repayment of the transferred funds.

Senate Bill 107 - SB 107 increases the yearly payment to a county for its junk vehicle collection and graveyard budget from \$1 to \$1.25 for each motor vehicle under \$8,001 pounds gross vehicle weight. In counties with fewer than 5,000 motor vehicles the total payment will increase from \$5,000 to \$6,250. The legislature appropriated \$0.5 million to implement this bill.

Senate Bill 386 - SB 386 eliminates department over-site over pipelines previously certified under the Major Facility Siting Act that are greater than 17 inches inside diameter and less than 25 inches inside diameter, and more than 50 miles in length. Consequently, fees associated with regulating these pipelines would no longer be collected.

Agency Budget Comparison								
Budget Item	Base Budget Fiscal 2002	Executive Budget Fiscal 2004	Legislative Budget Fiscal 2004	Leg – Exec. Difference Fiscal 2004	Executive Budget Fiscal 2005	Legislative Budget Fiscal 2005	Leg – Exec. Difference Fiscal 2005	Biennium Difference Fiscal 04-05
FTE	361.03	371.28	356.03	(15.25)	371.28	356.03	(15.25)	
Personal Services	13,549,361	17,334,021	16,988,675	(345,346)	17,325,125	17,334,207	9,082	(336,264)
Operating Expenses	26,222,312	63,315,614	62,433,643	(881,971)	20,610,353	19,996,098	(614,255)	(1,496,226)
Equipment	85,504	96,625	96,625	0	96,625	96,625	0	0
Grants	1,036,769	1,310,657	1,564,156	253,499	1,330,635	1,588,704	258,069	511,568
Benefits & Claims	1,364,619	1,100,000	1,100,000	0	1,100,000	1,100,000	0	0
Transfers	0	0	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0	0	0
Total Costs	\$42,258,565	\$83,156,917	\$82,183,099	(\$973,818)	\$40,462,738	\$40,115,634	(\$347,104)	(\$1,320,922)
General Fund	3,546,942	3,548,343	3,128,863	(419,480)	3,534,154	3,163,556	(370,598)	(790,078)
State/Other Special	22,494,902	53,319,394	52,973,322	(346,072)	15,520,037	15,561,385	41,348	(304,724)
Federal Special	16,216,721	26,289,180	26,080,914	(208,266)	21,408,547	21,390,693	(17,854)	(226,120)
Proprietary	0	0	0	0	0	0	0	0
Total Funds	\$42,258,565	\$83,156,917	\$82,183,099	(\$973,818)	\$40,462,738	\$40,115,634	(\$347,104)	(\$1,320,922)

Executive Budget Comparison

In total, the legislature approved a budget that is \$1.3 million lower over the biennium than the executive proposal, including \$0.6 million added to implement HB 13.

The legislature approved a general fund budget that is \$0.8 million lower over the biennium than the executive proposal, primarily through decisions to not approve or to reduce decision packages containing general fund requests and through funding switches. Long-term vacancies in some divisions resulted in less spending, which resulted in a smaller base budget. Through several decision packages, the executive was seeking increases to offset the impact of under-spending the budget. Although many of these decision packages were approved, the legislature either did not approve or eliminated the general fund from several of these proposed base adjustments, resulting in general fund decreases. HB 13 increased general fund by \$44,043 over the 2005 biennium.

The legislature approved state special revenue authority that is \$0.3 million lower than the executive proposal. The reduced amount is primarily because the legislature decided not to add additional funding for outside legal contracts or proposals that increased FTE, or decision packages were withdrawn. Further, the legislature added \$0.5 million to implement a portion of SB 107 that increased the amount that the department may pay to counties annually to fund junk vehicle programs from \$1.00 to \$1.25 per vehicle. HB 13 added \$0.3 million state special revenue authority over the 2005 biennium.

In federal special revenue, the legislature adopted a budget that is \$0.2 million lower than the executive proposal, with the bulk being related to decision packages containing FTE that were not approved, and the remainder due to a withdrawn decision package in the asbestos program. HB 13 added \$0.2 million federal special revenue over the 2005 biennium.

Overall, the number of FTE funded by the legislature is 15.25 lower than the number proposed by the executive. Of that total, 8.00 FTE were eliminated to make the pay plan 20 (broadband) reductions proposed by the executive long-term in nature. The remainder of the FTE were eliminated because the legislature did not approve decision packages proposing new FTE, or replacing FTE eliminated during the last legislative session. In all cases, the FTE that were eliminated are vacant positions. In the upcoming biennium, any increased workloads will be distributed among existing staff.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Leg. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Leg. Budget Fiscal 2005	Total Leg. Budget Fiscal 04-05
FTE	8.00	0.00	3.00	11.00	0.00	3.00	11.00	11.00
Personal Services	340,851	75,816	107,232	523,899	75,250	114,384	530,485	1,054,384
Operating Expenses	132,484	660,862	971,324	1,764,670	40,823	(28,369)	144,938	1,909,608
Equipment	0	0	0	0	0	0	0	0
Total Costs	\$473,335	\$736,678	\$1,078,556	\$2,288,569	\$116,073	\$86,015	\$675,423	\$2,963,992
General Fund	124,938	25,911	76,695	227,544	26,936	78,055	229,929	457,473
State/Other Special	182,767	169,844	1,000,970	1,353,581	46,609	4,170	233,546	1,587,127
Federal Special	165,630	540,923	891	707,444	42,528	3,790	211,948	919,392
Proprietary	0	0	0	0	0	0	0	0
Total Funds	\$473,335	\$736,678	\$1,078,556	\$2,288,569	\$116,073	\$86,015	\$675,423	\$2,963,992

Program Description

The Central Management Division consists of the Director's Office, a Financial Services Office, and an Information Technology Office. It is the organizational component of the agency that is responsible and accountable for the administration, management, planning, and evaluation of agency performance in carrying out department mission and statutory responsibilities. The Director's Office includes the director's staff, the deputy director, an administrative officer, public information officer, a centralized Legal Services Unit, and a centralized Personnel Office. The Financial Services Office provides budgeting, accounting, payroll, procurement, and contract management support to other divisions. The Information Technology Office provides information technology services support to other divisions.

Program Narrative

Central Management Division Major Program Highlights	
<ul style="list-style-type: none"> ○ The legislature approved spending authority for a federal grant intended to be used to enhance the department's enterprise database ○ The legislature approved a request for an agency reorganization that moves the Montana Environmental Protection Act (MEPA) program to the Central Management Division ○ The indirect cost rate is decreased from 24 percent approved during the last legislative session to 23 percent 	

Funding

The following table shows program funding, by source, for the base year and for the 2005 biennium.

Program Funding Table							
Central Management Program							
Program Funding	Base Fiscal 2002	% of Base Fiscal 2002	Budget Fiscal 2004	% of Budget Fiscal 2004	Budget Fiscal 2005	% of Budget Fiscal 2005	
01100 General Fund	\$ 124,938	26.4%	\$ 227,544	9.9%	\$ 229,929	34.0%	
02070 Hazardous Waste-Cercla	14,883	3.1%	18,592	0.8%	18,994	2.8%	
02075 Ust Leak Prevention Program	7,897	1.7%	9,893	0.4%	10,107	1.5%	
02097 Environmental Rehab & Response	-	-	125,000	5.5%	-	-	
02157 Solid Waste Management Fee	8,893	1.9%	11,143	0.5%	11,385	1.7%	
02162 Environmental Quality Protecti	669	0.1%	854	0.0%	871	0.1%	
02201 Air Quality-Operating Fees	47,560	10.0%	59,421	2.6%	60,711	9.0%	
02204 Public Drinking Water	4,303	0.9%	5,402	0.2%	5,517	0.8%	
02206 Agriculture Monitoring	344	0.1%	452	0.0%	464	0.1%	
02278 Npdes Permit Program	42,512	9.0%	53,165	2.3%	54,323	8.0%	
02418 Subdivision Plat Review	23,725	5.0%	29,685	1.3%	30,331	4.5%	
02428 Major Facility Siting	-	-	1,000,000	43.7%	-	-	
02458 Reclamation & Development	29,042	6.1%	36,280	1.6%	37,068	5.5%	
02845 Junk Vehicle Disposal	2,939	0.6%	3,694	0.2%	3,775	0.6%	
03033 Energy/Fsd	6,079	1.3%	7,619	0.3%	7,788	1.2%	
03067 Dsl Federal Reclamation Grant	12,721	2.7%	15,922	0.7%	16,268	2.4%	
03100 Epa / Drinking Water Srf	3,030	0.6%	3,812	0.2%	3,891	0.6%	
03228 L.U.S.T./Trust	5,074	1.1%	6,369	0.3%	6,511	1.0%	
03249 Nps Implementation Grant	24,662	5.2%	30,823	1.3%	31,491	4.7%	
03262 Epa Ppg	111,782	23.6%	140,052	6.1%	143,093	21.2%	
03302 Wetlands Grant	2,282	0.5%	2,847	0.1%	2,906	0.4%	
03385 Epa/One Stop Program	-	-	500,000	21.8%	-	-	
Grand Total	\$ 473,335	100.0%	\$ 2,288,569	100.0%	\$ 675,423	100.0%	

The primary functions of this division are funded with proprietary funds (non-budgeted) and are not appropriated in HB 2. A discussion of the proposed proprietary rates to support the function follows. Major funding sources in HB 2 consists of general fund, various operating and permitting fees, and federal EPA grants. When staff can attribute large blocks of time to a particular grant or fee, those activities are funded with that funding source. For example, if an attorney is working on an air quality project, hours spent on that project are funded with air quality fees. Montana Environmental Protection Act (MEPA) staff and the attorney pool utilize the general fund.

Present Law Adjustments									
-----Fiscal 2004-----					-----Fiscal 2005-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				93,179					92,588
Vacancy Savings				(17,363)					(17,338)
Inflation/Deflation				573					573
Fixed Costs				7,136					8,124
Total Statewide Present Law Adjustments				\$83,525					\$83,947
DP 3 - Attorney Pool Base Adjustments									
0.00	10,892	18,776	17,039	46,707	0.00	11,819	20,372	18,489	50,680
DP 75 - Attorney Pool Alternative Payplan Adjustment									
0.00	(4,327)	(7,460)	(6,767)	(18,554)	0.00	(4,327)	(7,460)	(6,767)	(18,554)
DP 79 - Environmental Rehabilitation Account									
0.00	0	125,000	0	125,000	0.00	0	0	0	0
DP 88 - Federal One Stop Grant									
0.00	0	0	500,000	500,000	0.00	0	0	0	0
Total Other Present Law Adjustments									
0.00	\$6,565	\$136,316	\$510,272	\$653,153	0.00	\$7,492	\$12,912	\$11,722	\$32,126
Grand Total All Present Law Adjustments				\$736,678					\$116,073

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature.

"Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 3 - Attorney Pool Base Adjustments - The legislature approved a request for funding to provide centralized management of legal services. In fiscal 2002, the executive moved 8.00 FTE attorney positions and related operations funding from Programs 20, 30, and 50 to Program 10, creating an attorney pool within the Legal Services unit of the Director's Office. This reorganization assisted the attorney supervisor in managing and monitoring the attorney pool budget and expenditures.

DP 75 - Attorney Pool Alternative Payplan Adjustment - The legislature approved a request for the alternative pay plan (pay plan 20) adjustments for the attorney pool. This is a reduction to operating costs to cover the increased personal services costs due to the move to pay plan 20.

DP 79 - Environmental Rehabilitation Account - The legislature approved a request for a biennial base adjustment to the environmental rehabilitation and response account (ERRA) established in SB 449 of the 2001 legislative session. The appropriation to DEQ is for reclamation of mined lands, remediation of sites containing hazardous wastes or substances, and for response to imminent threats of substantial harm to public health, safety, or the environment when funding is not available from the Environmental Contingency Account.

DP 88 - Federal One Stop Grant - The legislature approved a request to restore a one-time, biennial appropriation of \$500,000 federal grant funds. This grant is furnished to states that have demonstrated an initiative and the capability to further the goals of the Environmental Protection Agency (EPA) for information technology. The goals of the one-stop program are to consolidate data, catalogue regulated entities, and provide for data sharing with other government agencies and the public. This appropriation will provide the executive with additional resources to enhance on-going data conversions of air, water, and waste databases into a department enterprise database.

New Proposals										
Program	FTE	Fiscal 2004				Fiscal 2005				Total Funds
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	
DP 101 - Attorney Pool Reduction										
10	0.00	(5,000)	0	0	(5,000)	0.00	(5,000)	0	0	(5,000)
DP 200 - MEPA Reorg from Prg 50										
10	3.00	123,125	1,000,000	0	1,123,125	3.00	123,052	0	0	123,052
DP 655 - Personal Services Reduction										
10	0.00	(41,862)	0	0	(41,862)	0.00	(41,862)	0	0	(41,862)
DP 6800 - HB 13 - Pay Plan										
10	0.00	432	970	891	2,293	0.00	1,865	4,170	3,790	9,825
Total	3.00	\$76,695	\$1,000,970	\$891	\$1,078,556	3.00	\$78,055	\$4,170	\$3,790	\$86,015

New Proposals

DP 101 - Attorney Pool Reduction - The legislature approved a general fund reduction in the attorney pool. The reduction may impact the department's ability to respond to legal action that require travel or address emerging legal issues.

DP 200 - MEPA Reorg from Prg 50 - The legislature approved a request for an agency reorganization that would move the Montana Environmental Protection Act (MEPA) program to the Central Management Division. This move consists of 3.00 FTE and associated operating costs.

DP 655 - Personal Services Reduction - The legislature reduced general fund across all agencies based on a reduction of 200 FTE. This reduction equals 1.3 percent of total general fund for this agency.

DP 6800 - HB 13 - Pay Plan - The legislature passed a pay plan in HB 13 that provides an additional \$44 per month in insurance contributions in calendar 2004 and an additional \$50 per month in calendar 2005, as well as a \$0.25 per hour

salary increase in the final six months of fiscal 2005. These amounts represent this program's allocation of costs to fund the pay plan. An additional \$44 per month in insurance contribution for the first six months of fiscal 2004 was not funded.

Language

The legislature approved the following language in HB 2:

"Item [Central Management Program] includes a reduction in general fund money of \$41,862 in fiscal year 2004 and \$41,862 in fiscal year 2005 for the statewide FTE reduction. The agency may allocate this reduction in funding among programs when developing 2005 operating plans."

Proprietary Rates**Program Description**

The Central Management Program consists of the Director's Office, a Financial Services Office, and an Information Technology Office. It is the organizational component of the agency that is responsible and accountable for the administration, management, planning, and evaluation of agency performance in carrying out department mission and statutory responsibilities. The Director's Office includes the director's staff, the deputy director, an administrative officer, public information officer, a centralized legal services unit, and a centralized personnel office. The Financial Services Office provides budgeting, accounting, payroll, procurement and contract management support to other divisions. The Information Technology Office provides information technology services support to other divisions.

The centralized Legal Services Unit has 3.00 FTE that are funded by the internal service fund, two attorneys and one paralegal. This staff provides the administration, management, and planning for the legal services unit, and specific duties for department programs, including legislation, rule making, enforcement actions, and contract review. The remainder of this unit is funded by direct charges to the programs and projects requiring the legal work.

Customers are all divisions and employees of the Department of Environmental Quality. Use of these services is mandated by agency policies and procedures. There are no alternative sources for the Central Management Program as a whole. The department contracts for legal services whenever it is cost effective to do so; to obtain specific expertise for a case; or when legal jurisdiction of the case requires an attorney licensed in that state. In addition, the department contracts for information technology database development and for hosting of the department's enterprise database.

Revenues and Expenses

The department has one proprietary fund, which is an internal service fund used to account for the department's indirect cost activity. The department anticipates negotiating an indirect cost rate with the U.S. Environmental Protection Agency (EPA) of approximately 23 percent in fiscal years 2004 and 2005. Revenues generated by the current indirect cost rate fund 50.50 FTE.

Central Management Program provides the services presented in the program description. The cost of providing support services is directly related to the number of staff served. The department annually negotiates an indirect rate with EPA based on that computation. Adjustments for over-recovery and under-recovery in the previous year are made to the calculations each year. EPA and DEQ agree to the services that are included in the indirect calculation. Funding is collected from all non-proprietary sources expended within the department. Fiscal 2002 collections were: \$462,818 in general fund, \$1,396,273 in state special revenue, and \$1,255,469 in federal revenue.

Rate Explanation

The major cost drivers within this program are personal services and fixed costs. Fixed costs, especially tort liability coverage, continue to be a significant cost increase to the proprietary fund. The cost of providing support services is directly related to the number of staff served. Therefore, future expenses are determined by projecting increases or decreases in program staff. Non-typical and one-time expenses are backed out of the cost of providing services before calculating the indirect rate. Salaries are constant throughout the fiscal year, except during fiscal year end, executive budget preparation, and legislative session. The indirect rate approved by the legislature will fund 51.50 FTE.

Working Capital

The fund normally carries a 60-day working capital to meet its immediate cash needs for covering payroll and various operating costs.

Fund Equity

Due to timing factors, the fund balance does not always equal zero.

Rate Explanation

The department negotiates an annual indirect cost rate with EPA. The approved rate is a fixed rate. This rate is applied against personal services, temporary services, and work-study contracts charged within each division of the department, other than the Central Management Program.

The legislature approved a decrease in the indirect cost rate from 24 percent approved in the last legislative session to 23 percent. The rate negotiated with EPA requires a carry-forward amount be built into the rate. This carry-forward amount represents the amount the department either under-recovered or over-recovered in a given year. This computation compares what was initially negotiated versus what actually occurred. The difference is then carried forward into the following year's rate.

The indirect cost rate is determined based on guidelines prescribed by the federal government. In addition, the department complies with 17-3-111, MCA, which requires agencies to negotiate a rate that would recover indirect costs to the fullest extent possible. In order to comply with this law, the department has requested a rate that may vary slightly from the rate the department actually negotiates with EPA. The rate approved by the legislature is considered a cap; and therefore, the department cannot negotiate for a rate higher than what has been approved by the legislature. However, the rate negotiated with EPA may be slightly lower.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Leg. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Leg. Budget Fiscal 2005	Total Leg. Budget Fiscal 04-05
FTE	96.58	1.00	(4.50)	93.08	1.00	(4.50)	93.08	93.08
Personal Services	3,543,033	1,151,899	(170,485)	4,524,447	1,145,984	(80,213)	4,608,804	9,133,251
Operating Expenses	6,062,375	2,208,949	57,041	8,328,365	1,967,649	56,195	8,086,219	16,414,584
Equipment	49,573	34,713	0	84,286	34,713	0	84,286	168,572
Transfers	0	0	0	0	0	0	0	0
Total Costs	\$9,654,981	\$3,395,561	(\$113,444)	\$12,937,098	\$3,148,346	(\$24,018)	\$12,779,309	\$25,716,407
General Fund	1,802,567	142,160	(139,050)	1,805,677	124,969	(123,262)	1,804,274	3,609,951
State/Other Special	830,747	562,089	4,047	1,396,883	366,549	17,291	1,214,587	2,611,470
Federal Special	7,021,667	2,691,312	21,559	9,734,538	2,656,828	81,953	9,760,448	19,494,986
Total Funds	\$9,654,981	\$3,395,561	(\$113,444)	\$12,937,098	\$3,148,346	(\$24,018)	\$12,779,309	\$25,716,407

Program Description

The division: 1) finances construction and improvement of community drinking water and wastewater systems, and provides engineering review and technical assistance to community water infrastructure planners and officials; 2) provides assistance to small businesses in their efforts to comply with environmental regulations; 3) monitors air and water quality conditions and trends, assesses sources and severity of potential pollution problems, and aids industry efforts to achieve cost effective compliance; 4) assists local community efforts in planning for energy, watershed, airshed, and solid and hazardous waste management; 5) helps develop water total maximum daily loads; 6) coordinates department positions on environmental legislation, proposes rules and policy, and develops environmental protection criteria; 7) provides economic modeling and analysis to assess the cost effectiveness of various environmental programs; 8) finances energy retrofits of public buildings; and 9) provides technical assistance, education and outreach to builders, homeowners, and others on energy efficiency and renewable energy, indoor air quality, and radon. The division consists of four bureaus: Monitoring and Data Management, Pollution Prevention, Resource Protection Planning, and Technical and Financial Assistance.

Program Narrative

Planning, Prevention, and Assistance Division	
Major Program Highlights	
<ul style="list-style-type: none"> ○ The legislature approved a request for one-time authority to spend EPA grant funds to assist meeting court-mandated total maximum daily loads ○ Biennial appropriation authority was approved to spend Universal System Benefit (USB) charges to fund social benefits such as low-income energy assistance, weatherization, and renewable energy development ○ The legislature approved a number of “base” adjustments in anticipation of full staff levels next biennium ○ The legislature approved permanent reductions to fund pay increases given as part of a department-wide move to pay plan 20 	

Funding

The following table shows program funding, by source, for the base year and for the 2005 biennium.

Program Funding Table						
Plan.Prevent. & Assist.Div.						
Program Funding	Base Fiscal 2002	% of Base Fiscal 2002	Budget Fiscal 2004	% of Budget Fiscal 2004	Budget Fiscal 2005	% of Budget Fiscal 2005
01100 General Fund	\$ 1,802,567	18.7%	\$ 1,805,677	14.0%	\$ 1,804,274	14.1%
02070 Hazardous Waste-Cercla	131,705	1.4%	161,607	1.2%	162,964	1.3%
02157 Solid Waste Management Fee	59,209	0.6%	80,717	0.6%	81,894	0.6%
02201 Air Quality-Operating Fees	417,872	4.3%	633,515	4.9%	631,944	4.9%
02203 Arco	25,339	0.3%	25,339	0.2%	25,339	0.2%
02206 Agriculture Monitoring	4,056	0.0%	4,815	0.0%	5,335	0.0%
02278 Npdes Permit Program	76,937	0.8%	82,836	0.6%	83,793	0.7%
02316 Go94B/Ban 93D Admin	56,265	0.6%	70,402	0.5%	83,866	0.7%
02388 Misc. State Special Revenue	58,957	0.6%	81,717	0.6%	82,717	0.6%
02555 Deq Alternative Energy	407	0.0%	60,076	0.5%	60,876	0.5%
02973 Univ System Benefits Program	-	-	195,859	1.5%	(4,141)	0.0%
03007 Doe Special Projects	67,194	0.7%	215,391	1.7%	215,043	1.7%
03033 Energy/Fsd	508,135	5.3%	869,812	6.7%	885,453	6.9%
03070 Tmdl	205,618	2.1%	-	-	-	-
03100 Epa / Drinking Water Srf	627,190	6.5%	-	-	-	-
03210 Ambient Air Amonitoring (Pm-2.5)	233,015	2.4%	283,930	2.2%	287,046	2.2%
03231 Drinking Water Srf Ffy 01	177,920	1.8%	-	-	-	-
03232 Drinking Water Srf Ffy 00	204,506	2.1%	-	-	-	-
03245 Wastewater Treatment Grant	281,416	2.9%	356,115	2.8%	423,238	3.3%
03249 Nps Implementation Grant	2,821,466	29.2%	3,396,855	26.3%	3,413,900	26.7%
03262 Epa Ppg	1,138,028	11.8%	2,275,081	17.6%	2,207,845	17.3%
03302 Wetlands Grant	344,713	3.6%	430,944	3.3%	432,116	3.4%
03608 Nutrient Criteria Pilot Projct	76,696	0.8%	80,765	0.6%	80,765	0.6%
03667 Tmdl Supplemental	-	-	370,000	2.9%	370,000	2.9%
03687 Dw-Fy02	-	-	1,011,551	7.8%	1,026,339	8.0%
03695 Srfst Tribal Agrmt Grant	-	-	70,520	0.5%	70,339	0.6%
03814 Epa Water Quality 205J	94,742	1.0%	160,698	1.2%	162,196	1.3%
03815 Epa-Construction Grants	77,770	0.8%	-	-	-	-
03817 Deq Emap	76,532	0.8%	128,724	1.0%	102,146	0.8%
03818 Tmdl Special Projects	20,000	0.2%	40,000	0.3%	40,000	0.3%
03952 Epa-Srf-Dw 1998 Grant	69,199	0.7%	-	-	-	-
03953 Drinking Water Srf 99	(2,473)	0.0%	-	-	-	-
03966 Mdot-Stip/Tmdl	-	-	44,152	0.3%	44,022	0.3%
Grand Total	\$ 9,654,981	100.0%	\$ 12,937,098	100.0%	\$ 12,779,309	100.0%

This division is funded from general fund and numerous sources of state and federal special revenue. The primary state special revenue funding sources are from air quality operating permit fees set by the Board of Environmental Quality according to 75-2-220, MCA, and 22.0 percent of interest earnings from the resource indemnity trust deposited in the Hazardous Waste/CERCLA account. This division accounts for 57.4 percent of the department's general fund in the 2005 biennium.

The largest federal funding sources are:

- EPA performance partnership grant, which is a block grant to fund a wide-range of environmental activities
- Non-point source pollution control funding, a portion of which is used to fund the TMDL program
- EPA funding from the clean water action plan for non-point source pollution control
- Administrative costs for the drinking water state revolving fund

Present Law Adjustments										
-----Fiscal 2004-----						-----Fiscal 2005-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services				1,340,881					1,334,734	
Vacancy Savings				(195,365)					(195,106)	
Inflation/Deflation				5,942					7,154	
Fixed Costs				87,134					99,286	
Total Statewide Present Law Adjustments				\$1,238,592					\$1,246,068	
DP 4 - Resource Protection Adjustment										
0.00	40,634	101,705	624,539	766,878	0.00	(24,077)	98,934	685,455	760,312	
DP 5 - Alternative Payplan Adjustment										
0.00	(38,525)	0	(19,592)	(58,117)	0.00	(38,429)	0	(19,592)	(58,021)	
DP 6 - Monitoring and Data Management Adjustment										
0.00	130,430	18,445	519,739	668,614	0.00	126,653	18,182	479,736	624,571	
DP 7 - Monitoring Alternative Payplan Adjustment										
0.00	(8,819)	(11,153)	(39,113)	(59,085)	0.00	(8,819)	(11,153)	(39,113)	(59,085)	
DP 8 - Technical and Financial Bureau Adjustment										
0.00	(47,701)	70,895	365,394	388,588	0.00	(47,764)	71,785	362,986	387,007	
DP 9 - Pollution Prevention Base Adjustment										
0.00	0	27,094	(45,292)	(18,198)	0.00	0	26,850	(42,114)	(15,264)	
DP 10 - Planning Alternative Payplan Adjustment										
0.00	0	(20,237)	(17,003)	(37,240)	0.00	0	(20,237)	(17,003)	(37,240)	
DP 11 - Administration and Fiscal Adjustment										
0.00	(25,357)	21,918	11,619	8,180	0.00	(30,745)	21,896	11,498	2,649	
DP 12 - Technical Alternative Payplan Adjustment										
0.00	(1,250)	(11,271)	(60,130)	(72,651)	0.00	(1,250)	(11,271)	(60,130)	(72,651)	
DP 43 - TMDL Supplemental Grant										
1.00	0	0	370,000	370,000	1.00	0	0	370,000	370,000	
DP 60 - Universal System Benefits Charge										
0.00	0	200,000	0	200,000	0.00	0	0	0	0	
Total Other Present Law Adjustments										
1.00	\$49,412	\$397,396	\$1,710,161	\$2,156,969	1.00	(\$24,431)	\$194,986	\$1,731,723	\$1,902,278	
Grand Total All Present Law Adjustments				\$3,395,561					\$3,148,346	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 4 - Resource Protection Adjustment - The legislature approved a request to re-establish the base budget for the Resource Protection and Planning Bureau. Funding is restored in several areas including the Governor's general fund reduction, federal grant funding switches, and operations funding for 5.00 FTE vacant in fiscal 2002. In addition, this DP would complete a funding switch of \$100,000 from general fund to federal funds.

DP 5 - Alternative Payplan Adjustment - The legislature approved a reduction request to fund pay increases associated with a department-wide move to pay plan 20.

DP 6 - Monitoring and Data Management Adjustment - The legislature approved a request to re-establish the base budget for the Monitoring and Data Management Bureau. Six FTE were vacant during much of fiscal 2002 and this request funds under-expended operating expenses related to these positions.

DP 7 - Monitoring Alternative Payplan Adjustment - The legislature approved a request to fund pay increases associated with a department-wide move to pay plan 20. As a result of this reduction, the department is planning on purchasing less air monitoring equipment, eliminating FTE, and decreasing contracted services.

DP 8 - Technical and Financial Bureau Adjustment - The legislature approved a request to re-establish the base budget for

the Technical and Financial Assistance Bureau. 4.00 FTE were vacant for part of fiscal 2002, resulting in expenditures below budget levels. This base adjustment restores these operating expenses.

DP 9 - Pollution Prevention Base Adjustment - The legislature approved a request to increase the base budget for the Pollution Prevention Bureau. The appropriation is comprised of a decrease in revenue for the Source Water Protection Program and a corresponding decrease in contracts that will be issued in fiscal 2004 and fiscal 2005 for this activity. In addition to the decrease, 2.00 FTE were vacant for part of fiscal 2002. Increases are approved in operating expenses for these vacancies in the categories of supplies, communications, travel, and other services.

DP 10 - Planning Alternative Payplan Adjustment - The legislature approved a request to fund pay increases associated with a department-wide move to pay plan 20. To fund these activities, the legislature eliminated FTE and the department will not hire interns.

DP 11 - Administration and Fiscal Adjustment - The legislature approved a request to re-establish the base budget for the Administrative and Fiscal Unit. The Fiscal Unit experienced the turnover of several positions during fiscal 2002. In addition, to implement targeted general fund reductions, three adjustments would be made: 1) a funding switch from general fund to state special revenue for division management and fiscal support functions -- \$20,000; 2) eliminate one vacant accounting technician position; and 3) eliminate \$25,000 of general fund used to match federal funds for special projects.

DP 12 - Technical Alternative Payplan Adjustment - The legislature approved a request to fund pay increases associated with a department-wide move to pay plan 20. To fund these activities, the legislature eliminated FTE. The department will also reduce contracted services and purchase of minor equipment.

DP 43 - TMDL Supplemental Grant - The legislature approved a request for one-time, restricted authority to spend EPA grant funds to assist meeting court-mandated total maximum daily loads (TMDLs) schedules. The EPA is expected to direct \$370,000 of funding to the department to improve completion of and to meet the court-mandated TMDL schedule for Montana. This funding comes without match requirements, and will be used to fund 1.00 FTE TMDL position. The majority of funding will be used for contracted services because the workload to comply with the federal district court schedule exceeds the capabilities projected of a fully staffed program.

DP 60 - Universal System Benefits Charge - The legislature approved a request for biennial appropriation authority that would be used for renewable energy development. The legislature established a Universal System Benefit (USB) charge to fund social benefits such as low-income energy assistance, weatherization, energy efficiency, and renewable energy development that may not be funded through the market place. USB charges are collected from end customers by Northwestern Energy (formerly Montana Power Company) and Montana Dakota Utilities (MDU). According to statute, any unspent funds are allocated annually to DEQ to be used for qualifying public services.

New Proposals										
Program	FTE	Fiscal 2004				Fiscal 2005				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 62 - State/Tribal Assistance Grant										
20	0.00	0	0	70,520	70,520	0.00	0	0	70,339	70,339
DP 201 - Pollution Prevention Reduction										
20	(1.00)	(70,700)	0	0	(70,700)	(1.00)	(70,700)	0	0	(70,700)
DP 202 - Eliminate Alternative Payplan FTE										
20	(3.50)	(73,164)	0	(67,456)	(140,620)	(3.50)	(73,260)	0	(67,456)	(140,716)
DP 6800 - HB 13 - Pay Plan										
20	0.00	4,814	4,047	18,495	27,356	0.00	20,698	17,291	79,070	117,059
Total	(4.50)	(\$139,050)	\$4,047	\$21,559	(\$113,444)	(4.50)	(\$123,262)	\$17,291	\$81,953	(\$24,018)

New Proposals

DP 62 - State/Tribal Assistance Grant - The legislature approved a request to provide technical assistance to community

water and wastewater systems. The authority will allow the department to administer the EPA's State Tribal Assistance Grant (STAG) program projects. EPA's goal is to have states integrate management of the State Revolving Fund (SRF) programs with the oversight of the special STAG projects. These special STAG projects would help address water and wastewater public facility needs in Montana.

DP 201 - Pollution Prevention Reduction - The legislature approved a reduction of 1.00 FTE and related operating expenses in the Pollution Prevention Program. Impacts might include less assistance offered to businesses and local governments to develop local markets for recycled goods and materials.

DP 202 - Eliminate Alternative Payplan FTE - The legislature eliminated 3.50 FTE associated with the alternative pay plan reductions. By eliminating FTE, the personal services portions of the alternative pay plan reductions become permanent in nature.

DP 6800 - HB 13 - Pay Plan - The legislature passed a pay plan in HB 13 that provides an additional \$44 per month in insurance contributions in calendar 2004 and an additional \$50 per month in calendar 2005, as well as a \$0.25 per hour salary increase in the final six months of fiscal 2005. These amounts represent this program's allocation of costs to fund the pay plan. An additional \$44 per month in insurance contribution for the first six months of fiscal 2004 was not funded.

Language

The legislature approved the following language:

"The department is authorized to decrease federal special revenue money in the water pollution control and the drinking water revolving fund loan programs and to increase state special revenue money by a like amount within the special administration account when:

- 1) the amount of federal capitalization funds has been expended; or
- 2) federal funds and bond proceeds are designated for use for other program purposes."

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Leg. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Leg. Budget Fiscal 2005	Total Leg. Budget Fiscal 04-05
FTE	14.00	0.00	0.00	14.00	0.00	0.00	14.00	14.00
Personal Services	606,481	62,518	3,742	672,741	61,393	16,079	683,953	1,356,694
Operating Expenses	263,667	20,953	0	284,620	29,264	0	292,931	577,551
Total Costs	\$870,148	\$83,471	\$3,742	\$957,361	\$90,657	\$16,079	\$976,884	\$1,934,245
General Fund	464,433	(20,556)	(63,364)	380,513	(19,910)	(57,947)	386,576	767,089
State/Other Special	142,824	10,671	55,675	209,170	11,829	57,918	212,571	421,741
Federal Special	262,891	93,356	11,431	367,678	98,738	16,108	377,737	745,415
Total Funds	\$870,148	\$83,471	\$3,742	\$957,361	\$90,657	\$16,079	\$976,884	\$1,934,245

Program Description

The Enforcement Division is the central control for activities designed to facilitate the enforcement of the statutes and regulations administered by the department. The division develops department enforcement policies and procedures for approval by the director and ensures they are implemented in a consistent manner across the department. In addition, the division maintains a citizen complaint clearinghouse and information tracking system. The division coordinates the legal and technical aspects of enforcement cases, both administrative and judicial, and monitors violators to determine compliance with department orders.

Program Narrative

Enforcement Division Major Program Highlights	
<ul style="list-style-type: none"> ○ The legislature approved a “base” adjustment in anticipation of full staff levels next biennium ○ The legislature approved permanent reductions to fund pay increases given as part of a department-wide move to pay plan 20 ○ A funding switch that reduced general fund and increased state special and federal special revenue was approved 	

Funding

The following table shows program funding, by source, for the base year and for the 2005 biennium.

Program Funding Table Enforcement Division							
Program Funding	Base Fiscal 2002	% of Base Fiscal 2002	Budget Fiscal 2004	% of Budget Fiscal 2004	Budget Fiscal 2005	% of Budget Fiscal 2005	
01100 General Fund	\$ 464,433	53.4%	\$ 380,513	39.7%	\$ 386,576	39.6%	
02075 Ust Leak Prevention Program	45,597	5.2%	49,816	5.2%	50,917	5.2%	
02162 Environmental Quality Protecti	3,934	0.5%	-	-	-	-	
02201 Air Quality-Operating Fees	47,450	5.5%	106,094	11.1%	107,220	11.0%	
02204 Public Drinking Water	11,519	1.3%	15,340	1.6%	15,679	1.6%	
02278 Npdes Permit Program	30,520	3.5%	33,182	3.5%	33,914	3.5%	
02458 Reclamation & Development	3,804	0.4%	4,738	0.5%	4,841	0.5%	
03067 Dsl Federsl Reclamation Grant	16,465	1.9%	17,383	1.8%	17,761	1.8%	
03228 L.U.S.T./Trust	29,825	3.4%	36,288	3.8%	37,092	3.8%	
03249 Nps Implementation Grant	44,223	5.1%	52,934	5.5%	54,106	5.5%	
03262 Epa Ppg	172,378	19.8%	261,073	27.3%	268,778	27.5%	
Grand Total	\$ 870,148	100.0%	\$ 957,361	100.0%	\$ 976,884	100.0%	

This division is funded primarily with general fund and federal EPA grant funds, with various state special revenue sources such as air quality fees, public drinking water fees, and reclamation and development funds that are used for enforcement activities.

Present Law Adjustments										
-----Fiscal 2004-----						-----Fiscal 2005-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					90,394					89,219
Vacancy Savings					(27,876)					(27,826)
Inflation/Deflation					708					1,491
Fixed Costs					2,923					4,566
Total Statewide Present Law Adjustments					\$66,149					\$67,450
DP 13 - Enforcement Budget Adjustments	0.00	0	11,435	59,685	71,120	0.00	0	12,381	64,624	77,005
DP 14 - Enforcement Alternative Payplan	0.00	(27,088)	(8,651)	(18,059)	(53,798)	0.00	(27,088)	(8,651)	(18,059)	(53,798)
Total Other Present Law Adjustments	0.00	(\$27,088)	\$2,784	\$41,626	\$17,322	0.00	(\$27,088)	\$3,730	\$46,565	\$23,207
Grand Total All Present Law Adjustments					\$83,471					\$90,657

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 13 - Enforcement Budget Adjustments - The legislature approved a request for an adjustment to restore fiscal 2002 authorized amounts in areas where increased expenditures are anticipated. The authority will fund database conversion, operation, and maintenance that was not completed in fiscal 2002 and fiscal 2003, legal service fees, contested enforcement cases, and to fund indirect charges due to a prior year adjustment of \$8,381 that was not reflected in the fiscal 2002 base.

DP 14 - Enforcement Alternative Payplan - The legislature approved a request to fund pay increases associated with a department-wide move to pay plan 20. Out of state travel will be eliminated, database contracted services and minor supply purchases will be reduced to fund the pay plan.

New Proposals										
-----Fiscal 2004-----						-----Fiscal 2005-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 6800 - HB 13 - Pay Plan										
30	0.00	1,636	675	1,431	3,742	0.00	7,053	2,918	6,108	16,079
DP 8013 - Enforcement Reduction & Fund Switch										
30	0.00	(65,000)	55,000	10,000	0	0.00	(65,000)	55,000	10,000	0
Total	0.00	(\$63,364)	\$55,675	\$11,431	\$3,742	0.00	(\$57,947)	\$57,918	\$16,108	\$16,079

New Proposals

DP 6800 - HB 13 - Pay Plan - The legislature passed a pay plan in HB 13 that provides an additional \$44 per month in insurance contributions in calendar 2004 and an additional \$50 per month in calendar 2005, as well as a \$0.25 per hour salary increase in the final six months of fiscal 2005. These amounts represent this program's allocation of costs to fund the pay plan. An additional \$44 per month in insurance contribution for the first six months of fiscal 2004 was not funded.

DP 8013 - Enforcement Reduction & Fund Switch - The legislature approved a request to reduce general fund authority through a funding switch. This funding switch will allow an increase in state special revenue and federal EPA grant money to offset a decrease in general fund.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Leg. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Leg. Budget Fiscal 2005	Total Leg. Budget Fiscal 04-05
FTE	82.75	0.00	(1.00)	81.75	0.00	(1.00)	81.75	81.75
Personal Services	2,817,221	1,024,307	(18,666)	3,822,862	1,024,569	64,816	3,906,606	7,729,468
Operating Expenses	5,660,531	847,968	(55,084)	6,453,415	550,226	(166,325)	6,044,432	12,497,847
Equipment	0	0	0	0	0	0	0	0
Grants	0	0	0	0	0	0	0	0
Benefits & Claims	1,364,619	(264,619)	0	1,100,000	(264,619)	0	1,100,000	2,200,000
Debt Service	0	0	0	0	0	0	0	0
Total Costs	\$9,842,371	\$1,607,656	(\$73,750)	\$11,376,277	\$1,310,176	(\$101,509)	\$11,051,038	\$22,427,315
State/Other Special	4,058,044	701,789	(176,478)	4,583,355	684,078	(139,206)	4,602,916	9,186,271
Federal Special	5,784,327	905,867	102,728	6,792,922	626,098	37,697	6,448,122	13,241,044
Total Funds	\$9,842,371	\$1,607,656	(\$73,750)	\$11,376,277	\$1,310,176	(\$101,509)	\$11,051,038	\$22,427,315

Program Description

The Remediation Division is responsible for: 1) overseeing investigation and cleanup activities at state and federal superfund sites; 2) reclaiming abandoned mine lands; 3) regulating, permitting, and licensing underground storage tanks (UST); 4) implementing corrective actions for remediation of releases and spills from leaking USTs; 5) providing staff support for processing eligibility applications and claims submitted to the Petroleum Tank Release Compensation Board for cleanup funds; and 6) overseeing groundwater remediation at sites where agricultural and industrial chemical spills have caused groundwater contamination. The purposes of these activities are to: 1) protect human health and the environment; 2) prevent exposure of potential human and ecological receptors to hazardous or deleterious substances that have been released to soil, sediment, surface water, or groundwater; and 3) ensure compliance with applicable state and federal regulations. The division is comprised of three bureaus: Hazardous Waste Site Cleanup Bureau, Mine Waste Cleanup Bureau, and the Technical Services Bureau. The division works closely with the Petroleum Tank Release Compensation Board, which provides financial assistance for cleanup of petroleum contaminated leaking UST sites. The Petroleum Tank Release Compensation Board is attached to the Department of Environmental Quality for administrative purposes.

Program Narrative

Remediation Division Major Program Highlights	
<ul style="list-style-type: none"> ○ The legislature approved a number of “base” adjustments in anticipation of full staff levels next biennium ○ The legislature approved permanent reductions to fund pay increases given as part of a department-wide move to pay plan 20 ○ The legislature increased spending authority for projects to clean up underground storage tanks ○ The legislature approved a 10 percent operating expense reduction in the Petroleum Tank Release Corrective Action program primarily due to fewer tank release projects 	

Funding

The following table shows program funding, by source, for the base year and for the 2005 biennium.

Program Funding Table						
Remediation Division						
Program Funding	Base Fiscal 2002	% of Base Fiscal 2002	Budget Fiscal 2004	% of Budget Fiscal 2004	Budget Fiscal 2005	% of Budget Fiscal 2005
02054 Ust-Installer Lic & Permit Acc	\$ 69,786	0.7%	\$ 82,296	0.7%	\$ 83,537	0.8%
02058 Petroleum Storage Tank Cleanup	1,470,405	14.9%	1,663,790	14.6%	1,691,806	15.3%
02064 Bn Activity	2,305	0.0%	-	-	31	0.0%
02070 Hazardous Waste-Cercla	160,138	1.6%	233,191	2.0%	190,092	1.7%
02075 Ust Leak Prevention Program	295,944	3.0%	339,409	3.0%	347,506	3.1%
02162 Environmental Quality Protecti	653,160	6.6%	800,895	7.0%	811,181	7.3%
02203 Arco	2,305	0.0%	2,221	0.0%	2,240	0.0%
02206 Agriculture Monitoring	2,636	0.0%	10,000	0.1%	10,033	0.1%
02325 Circle K Remediation	10,907	0.1%	12,535	0.1%	12,637	0.1%
02472 Orphan Share Fund	1,390,458	14.1%	1,334,992	11.7%	1,350,144	12.2%
02520 Sst/Ou Remedial Action	-	-	104,026	0.9%	103,709	0.9%
03036 Deq - Federal Aml Grant	3,228,185	32.8%	3,457,532	30.4%	3,527,050	31.9%
03222 Superfund Lockwood Sol Site	430,944	4.4%	408,484	3.6%	363,766	3.3%
03228 L.U.S.T./Trust	558,390	5.7%	1,052,323	9.3%	649,201	5.9%
03256 Superfund Core	313,404	3.2%	359,767	3.2%	364,919	3.3%
03257 Superfund Multi-Site	942,177	9.6%	1,174,253	10.3%	1,197,834	10.8%
03262 Epa Ppg	294,644	3.0%	322,776	2.8%	327,463	3.0%
03663 Aml Special Projects	16,583	0.2%	17,787	0.2%	17,889	0.2%
Grand Total	\$ 9,842,371	100.0%	\$ 11,376,277	100.0%	\$ 11,051,038	100.0%

State special funding sources include: 1) revenue from the \$0.0075 gas tax for petroleum tank cleanup; 2) 7.5 percent of the state Resource Indemnity Trust (RIT) interest (deposited to the environmental quality protection fund); 3) a portion of the resource indemnity and groundwater tax revenues (deposited to the orphan share account); and 4) underground storage tank registration fees.

Federal funding sources include: 1) a federal tax on Montana's coal production of which up to 50 percent is returned to the state for abandoned mine reclamation; and 2) money from the U.S. Environmental Protection Agency (including superfund, leaking underground storage tank trust, and performance partnership grants).

Present Law Adjustments										
Fiscal 2004						Fiscal 2005				
FTE	General Fund	State Special	Federal Special	Total Funds		FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				1,147,920						1,148,179
Vacancy Savings				(158,613)						(158,610)
Inflation/Deflation				5,523						9,453
Fixed Costs				115,469						124,236
Total Statewide Present Law Adjustments				\$1,110,299						\$1,123,258
DP 15 - Hazardous Waste Budget Adjustments	0.00	0	(147,322)	159,520	12,198	0.00	0	(147,324)	174,257	26,933
DP 16 - Mine Waste Cleanup Base Adjustment	0.00	0	30,000	40,041	70,041	0.00	0	31,632	46,439	78,071
DP 17 - Technical Services Budget Adjustments	0.00	0	62,652	(16,793)	45,859	0.00	0	69,343	(16,793)	52,550
DP 53 - Leaking Underground Storage Contracted Services	0.00	0	34,500	310,500	345,000	0.00	0	0	0	0
DP 66 - Petro Board Contract Budget Adjustment	0.00	0	65,000	0	65,000	0.00	0	65,000	0	65,000
DP 71 - Technical Services Database Consolidation	0.00	0	23,500	36,500	60,000	0.00	0	23,500	36,500	60,000
DP 83 - Hazardous Waste Alternative Payplan Adjustment	0.00	0	(12,662)	(3,215)	(15,877)	0.00	0	(12,662)	(3,215)	(15,877)
DP 84 - Mine Waste Alternative Payplan Adjustment	0.00	0	0	(60,000)	(60,000)	0.00	0	0	(60,000)	(60,000)
DP 85 - Technical Services Alternative Payplan Adjustment	0.00	0	(21,403)	(5,881)	(27,284)	0.00	0	(21,403)	(5,881)	(27,284)
DP 86 - Fiscal Services Base Adjustments										

Present Law Adjustments										
-----Fiscal 2004-----						-----Fiscal 2005-----				
FTE	General Fund	State Special	Federal Special	Total Funds		FTE	General Fund	State Special	Federal Special	Total Funds
0.00	0	7,149	5,127	12,276		0.00	0	10,122	7,259	17,381
DP 87 - Financial Alternative Payplan Adjustment	0.00	0	(6,752)	(3,104)	(9,856)	0.00	0	(6,752)	(3,104)	(9,856)
Total Other Present Law Adjustments	0.00	\$0	\$34,662	\$462,695	\$497,357	0.00	\$0	\$11,456	\$175,462	\$186,918
Grand Total All Present Law Adjustments				\$1,607,656						\$1,310,176

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 15 - Hazardous Waste Budget Adjustments - The legislature approved a base adjustment for the Hazardous Waste Site Cleanup Bureau. There was less spending in the base year as staff vacancies resulted in an under-spending of several expenditure categories.

DP 16 - Mine Waste Cleanup Base Adjustment - The legislature approved a base adjustment for the Mine Waste Cleanup Bureau because staff vacancies resulted in an under-spending of several expenditure categories.

DP 17 - Technical Services Budget Adjustments - The legislature approved base adjustments for the Technical Services Bureau because staff vacancies resulted in an under-spending of several expenditure categories.

DP 53 - Leaking Underground Storage Contracted Services - The legislature approved a request for increased spending authority for Leaking Underground Storage Tank Program site clean up. Federal Leaking Underground Storage Tanks (LUST) Trust grant carryover funds are available and EPA is mandating that the department spend these funds in the next biennium. Revenue is available to increase present law federal expenditures by \$345,000 for the 2005 biennium. The funding will augment current efforts to investigate and cleanup LUST sites where a responsible party is unable or unwilling to do the work, or where no responsible party can be identified.

DP 66 - Petro Board Contract Budget Adjustment - The legislature approved a base adjustment for the Petroleum Board contract to fund the board's subrogation contract. Under this contract, insurance companies and other responsible parties will be sought to reimburse the Petroleum Tank Release Compensation Board for past board expenditures.

DP 71 - Technical Services Database Consolidation - The legislature approved a request for database consolidation and maintenance in the Technical Service Bureau (TSB) in conjunction with long-term plans for conversion to Oracle.

DP 83 - Hazardous Waste Alternative Payplan Adjustment - The legislature approved a request to fund pay increases associated with a department-wide move to pay plan 20. As a result of the reductions, the department indicates that they would utilize fewer outside remediation contracts. In addition, the legislature eliminated vacant positions to fund a portion of the cost.

DP 84 - Mine Waste Alternative Payplan Adjustment - The legislature approved a request to fund pay increases associated with a department-wide move to pay plan 20. As a result of this reduction, the department indicates that they will utilize fewer outside remediation contracts. In addition, the legislature eliminated vacant positions to fund a portion of the cost.

DP 85 - Technical Services Alternative Payplan Adjustment - The legislature approved a request to fund pay increases associated with a department-wide move to pay plan 20. As a result of the reductions, the department indicates that they would utilize fewer outside remediation contracts. In addition, the legislature eliminated vacant positions to fund a

portion of the cost.

DP 86 - Fiscal Services Base Adjustments - The legislature approved a request for a base adjustment in the Fiscal and Administrative Services Bureau because staff vacancies resulted in expenditure categories such as supplies, telephone charges, travel, and training being under-spent in the base year.

DP 87 - Financial Alternative Payplan Adjustment - The legislature approved a request to fund pay increases associated with a department-wide move to pay plan 20. The department indicates that they will utilize fewer outside remediation contracts. In addition, the legislature eliminated vacant positions to fund a portion of the cost.

New Proposals											
Program	FTE	Fiscal 2004				Fiscal 2005					Total Funds
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 65 - Fields Project											
40	0.00	0	11,111	100,000	111,111	0.00	0	0	0	0	0
DP 401 - Petro Tank Release Operations Reduction											
40	0.00	0	(152,546)	0	(152,546)	0.00	0	(152,546)	0	(152,546)	
DP 402 - Eliminate Alternative Payplan FTE											
40	(1.00)	0	(49,851)	(7,950)	(57,801)	(1.00)	0	(49,851)	(7,950)	(57,801)	
DP 6800 - HB 13 - Pay Plan											
40	0.00	0	14,808	10,678	25,486	0.00	0	63,191	45,647	108,838	
Total	(1.00)	\$0	(\$176,478)	\$102,728	(\$73,750)	(1.00)	\$0	(\$139,206)	\$37,697	(\$101,509)	

New Proposals

DP 65 - Fields Project - The legislature approved a request for authority to spend federal EPA funding made available for cleanup of abandoned underground storage tank (UST) sites. This pilot project will be used to cleanup multiple abandoned service stations along the 1st Avenue South corridor in Billings. The City of Billings and DEQ would be cooperative partners in this ongoing effort that would be know as the UST Fields project.

DP 401 - Petro Tank Release Operations Reduction - The legislature approved an operating expense reduction in the Petroleum Tank Release Corrective Action Program. As part of a comprehensive re-evaluation process, the department recognized a reduction in the number of tank release projects and committed to reduce program costs by 10 percent in this area. As a result of this reduction, expenditures for lab analysis, travel, and other operating costs have been reduced.

DP 402 - Eliminate Alternative Payplan FTE - The legislature eliminated 1.00 FTE associated with the alternative pay plan reductions. By eliminating FTE, the personal services portions of the alternative pay plan reductions become permanent in nature.

DP 6800 - HB 13 - Pay Plan - The legislature passed a pay plan in HB 13 that provides an additional \$44 per month in insurance contributions in calendar 2004 and an additional \$50 per month in calendar 2005, as well as a \$0.25 per hour salary increase in the final six months of fiscal 2005. These amounts represent this program's allocation of costs to fund the pay plan. An additional \$44 per month in insurance contribution for the first six months of fiscal 2004 was not funded.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Leg. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Leg. Budget Fiscal 2005	Total Leg. Budget Fiscal 04-05
FTE	159.70	3.00	(6.50)	156.20	3.00	(6.50)	156.20	156.20
Personal Services	6,241,775	1,480,853	(277,902)	7,444,726	1,478,592	(116,008)	7,604,359	15,049,085
Operating Expenses	14,103,255	32,546,413	(1,047,095)	45,602,573	(8,641,920)	(33,757)	5,427,578	51,030,151
Equipment	35,931	(23,592)	0	12,339	(23,592)	0	12,339	24,678
Grants	1,036,769	273,888	253,499	1,564,156	293,866	258,069	1,588,704	3,152,860
Debt Service	0	0	0	0	0	0	0	0
Total Costs	\$21,417,730	\$34,277,562	(\$1,071,498)	\$54,623,794	(\$6,893,054)	\$108,304	\$14,632,980	\$69,256,774
General Fund	1,155,004	(5,515)	(434,360)	715,129	(3,196)	(409,031)	742,777	1,457,906
State/Other Special	17,280,520	28,952,809	(802,996)	45,430,333	(8,282,528)	299,773	9,297,765	54,728,098
Federal Special	2,982,206	5,330,268	165,858	8,478,332	1,392,670	217,562	4,592,438	13,070,770
Total Funds	\$21,417,730	\$34,277,562	(\$1,071,498)	\$54,623,794	(\$6,893,054)	\$108,304	\$14,632,980	\$69,256,774

Program Description

The Permitting and Compliance Division administers all DEQ permitting and compliance activities that relate to 25 state regulatory and five related federal authorities. The division: 1) reviews and assesses environmental permit applications (coordinating with other state, local, and federal agencies) to determine control measures needed to ensure compliance with the law and to prevent land, water, and air conditions detrimental to public health welfare, safety and the environment; 2) prepares supporting environmental documents under the Montana Environmental Policy Act and provides training and technical assistance when needed; 3) inspects to determine compliance with permit conditions, laws and rules; and 4) when compliance problems are discovered, provides assistance to resolve the facility's compliance issues, in close coordination with Enforcement Division. Activities are organized in the Air & Waste Management Bureau (air, asbestos, hazardous waste); Community Services Bureau (solid waste, junk vehicles, public water supply, waste water operators); Environmental Management Bureau (hard rock, facility siting); Industrial and Energy Minerals Bureau (coal, uranium, opencut); and Water Protection Bureau (subdivisions, water).

Program Narrative

Permitting and Compliance Division Major Program Highlights	
<ul style="list-style-type: none"> ○ The legislature approved a number of “base” adjustments in anticipation of full staff levels next biennium ○ The legislature approved permanent reductions to fund pay increases given as part of a department-wide move to pay plan 20 ○ Authority was approved to spend up to \$30.4 million of bond forfeiture proceeds to be used for reclamation of mine sites ○ \$5.5 million state special revenue for mine reclamations was approved, with funding derived from the sale of reclamation bonds <ul style="list-style-type: none"> ○ Up to \$2.5 million of the \$5.5 million must be used to fund the account for perpetual water treatment at the Zortman and Landusky mines if Congress appropriates at least \$10.0 million for the same purpose in the 2005 biennium ○ The legislature approved additional federal authority for 3.00 FTE and associated operations costs to implement the federal Safe Drinking Water Act by implementing new rules and providing technical advice to water system owners and operators 	

- Funding was approved to continue the move to the department-wide enterprise database
- The legislature approved a request for an agency reorganization that moves the Montana Environmental Protection Act (MEPA) program from the Permitting and Compliance Division to the Central Management Division

Funding

The following table shows program funding by source, for the base year and for the 2005 biennium.

Program Funding Table						
Permitting & Compliance Div.						
Program Funding	Base Fiscal 2002	% of Base Fiscal 2002	Budget Fiscal 2004	% of Budget Fiscal 2004	Budget Fiscal 2005	% of Budget Fiscal 2005
01100 General Fund	\$ 1,155,004	5.4%	\$ 715,129	1.3%	\$ 742,777	5.1%
02065 Washington Gulch Bond Forfeit	218,372	1.0%	218,372	0.4%	-	-
02067 C R Kendall Bond Forfeiture	21,869	0.1%	1,871,869	3.4%	-	-
02070 Hazardous Waste-Cercla	480,285	2.2%	520,016	1.0%	527,106	3.6%
02096 Reclamation - Bond Forfeitures	38,216	0.2%	2,617,574	4.8%	-	-
02130 Zort/Land Explor Bond Forf	76,848	0.4%	276,848	0.5%	-	-
02138 Zort/Land Open Cut Bond Forf	46,268	0.2%	191,268	0.4%	-	-
02157 Solid Waste Management Fee	482,836	2.3%	536,161	1.0%	548,598	3.7%
02201 Air Quality-Operating Fees	1,692,021	7.9%	1,932,675	3.5%	1,962,002	13.4%
02202 Asbestos Control	147,148	0.7%	154,505	0.3%	156,393	1.1%
02204 Public Drinking Water	641,409	3.0%	742,867	1.4%	755,027	5.2%
02278 Npdes Permit Program	697,258	3.3%	808,140	1.5%	824,986	5.6%
02418 Subdivision Plat Review	563,301	2.6%	1,030,929	1.9%	1,046,335	7.2%
02420 Bd Of Cert For W&Ww Op	87,526	0.4%	105,351	0.2%	107,126	0.7%
02421 Hazardous Waste Fees	23,389	0.1%	111,575	0.2%	21,882	0.1%
02428 Major Facility Siting	458,871	2.1%	300,000	0.5%	-	-
02438 Pegasus-Beal Mountain	1,320,764	6.2%	1,475,764	2.7%	-	-
02458 Reclamation & Development	1,296,535	6.1%	1,504,353	2.8%	1,527,830	10.4%
02521 Pegasus Bankruptcy/Operations	656,640	3.1%	2,119,282	3.9%	-	-
02845 Junk Vehicle Disposal	1,114,244	5.2%	1,781,023	3.3%	1,810,480	12.4%
02940 Pegasus-Basin	513,688	2.4%	1,413,688	2.6%	-	-
02945 Zortman Reclamation-Comp Bid	2,833,140	13.2%	6,333,140	11.6%	-	-
02946 Landusky Reclamation-Comp Bid	3,866,779	18.1%	13,866,779	25.4%	-	-
02954 Septage Fees	2,959	0.0%	10,000	0.0%	10,000	0.1%
02960 Glacier General Insurance Co	154	0.0%	8,154	0.0%	-	-
02988 Hard Rock Mining Reclamation	-	-	5,500,000	10.1%	-	-
03040 Operator Training Reim	11,206	0.1%	548,714	1.0%	600,534	4.1%
03067 Dsl Federsl Reclamation Grant	810,824	3.8%	1,104,193	2.0%	1,123,068	7.7%
03100 Epa / Drinking Water Srf	264	0.0%	-	-	-	-
03231 Drinking Water Srf Ffy 01	-	-	336,295	0.6%	342,819	2.3%
03232 Drinking Water Srf Ffy 00	165,225	0.8%	154,474	0.3%	154,015	1.1%
03249 Nps Implementation Grant	75,011	0.4%	95,833	0.2%	97,396	0.7%
03262 Epa Ppg	1,855,247	8.7%	2,088,243	3.8%	2,122,176	14.5%
03326 Blm For Zortman & Landusky	-	-	2,000,000	3.7%	-	-
03672 Forest Service - Beal Mtn	-	-	2,000,000	3.7%	-	-
03798 Homeland Water System Security	-	-	150,580	0.3%	152,430	1.0%
03952 Epa-Srf-Dw 1998 Grant	2,054	0.0%	-	-	-	-
03953 Drinking Water Srf 99	62,375	0.3%	-	-	-	-
Grand Total	\$ 21,417,730	100.0%	\$ 54,623,794	100.0%	\$ 14,632,980	100.0%

This division is funded from general fund and numerous sources of state and federal special revenue. General fund is used primarily for activities concerning hard rock mining, solid waste management, major facility sites, and opencut mining. The largest source of state special revenue funding is from forfeited hard rock mining bonds followed by air quality operating fees, junk vehicle fees, and funding from the reclamation and development RIT account. Funding from EPA performance partnership grants provides the largest source of federal funds followed by the Department of State Lands reclamation account and the state revolving drinking water grant.

Present Law Adjustments										
-----Fiscal 2004-----					-----Fiscal 2005-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					1,697,316					1,695,265
Vacancy Savings					(317,551)					(317,471)
Inflation/Deflation					12,722					21,424
Fixed Costs					23,328					41,579
Total Statewide Present Law Adjustments					\$1,415,815					\$1,440,797
DP 18 - Permitting Alternative Pay Plan Adjustments	0.00	(43,630)	(323,946)	(71,656)	(439,232)	0.00	(43,630)	(323,946)	(71,656)	(439,232)
DP 19 - Administration Base Adjustment	0.00	0	9,926	0	9,926	0.00	0	9,926	0	9,926
DP 21 - Bond Forfeitures/Settlements	0.00	0	20,800,000	0	20,800,000	0.00	0	(9,592,738)	0	(9,592,738)
DP 23 - MEPA Projects Base Adjustment	0.00	0	548,421	0	548,421	0.00	0	(451,579)	0	(451,579)
DP 24 - Air Budget Adjustments	0.00	0	86,688	0	86,688	0.00	0	86,553	0	86,553
DP 25 - Hazardous Waste Base Adjustment	0.00	0	47,691	(24,097)	23,594	0.00	0	47,961	(23,984)	23,977
DP 26 - Asbestos Budget Adjustments	0.00	0	7,867	(6,052)	1,815	0.00	0	8,550	(6,077)	2,473
DP 27 - Junk Vehicle Base Adjustment	0.00	0	40,998	0	40,998	0.00	0	41,188	0	41,188
DP 28 - Public Water Supply Base Adjustment	0.00	0	32	53,787	53,819	0.00	0	109	54,528	54,637
DP 29 - Solid Waste Base Adjustment	0.00	0	54,587	0	54,587	0.00	0	58,579	0	58,579
DP 30 - Waste Water Operator Certification Base Adjustment	0.00	0	39,572	29,876	69,448	0.00	0	39,619	29,980	69,599
DP 31 - Hard Rock Base Adjustment	0.00	0	92,057	0	92,057	0.00	0	84,536	0	84,536
DP 32 - Major Facility Siting Act Base Adjustment	0.00	(37,888)	0	0	(37,888)	0.00	(37,885)	0	0	(37,885)
DP 33 - Major Facility Siting Projects Base Adjustment	0.00	0	300,000	0	300,000	0.00	0	0	0	0
DP 34 - Hard Rock Debt Service Base Adjustment	0.00	0	5,500,000	0	5,500,000	0.00	0	0	0	0
DP 35 - Hard Rock Federal Funds Base Adjustment	0.00	0	0	4,000,000	4,000,000	0.00	0	0	0	0
DP 36 - Coal Program Base Adjustment	0.00	0	12,843	147,371	160,214	0.00	0	13,474	149,896	163,370
DP 37 - Opencut Program Base Adjustment	0.00	(18,012)	48,061	0	30,049	0.00	(17,410)	50,471	0	33,061
DP 38 - Subdivisions Base Adjustment	0.00	0	261,264	0	261,264	0.00	0	266,295	0	266,295
DP 39 - Water Permits Base Adjustment	0.00	0	27,985	15,116	43,101	0.00	0	32,991	17,537	50,528
DP 42 - Revolving Fund Drinking Water Set Asides	3.00	0	0	240,000	240,000	3.00	0	0	240,000	240,000
DP 46 - Hazardous Waste Contract Services	0.00	0	90,000	0	90,000	0.00	0	0	0	0
DP 47 - Wastewater Exams	0.00	0	15,000	20,000	35,000	0.00	0	15,000	20,000	35,000
DP 48 - Operator Reimbursement Implementation	0.00	0	0	487,391	487,391	0.00	0	0	537,391	537,391
DP 50 - Junk Vehicle Grants to Counties	0.00	0	113,888	0	113,888	0.00	0	133,866	0	133,866
DP 51 - Abandoned Vehicle Reimbursements	0.00	0	172,230	0	172,230	0.00	0	172,230	0	172,230
DP 69 - Waste Management Database Development	0.00	0	50,000	0	50,000	0.00	0	50,000	0	50,000
DP 70 - Database Maintenance Contracts	0.00	0	94,000	27,000	121,000	0.00	0	94,000	27,000	121,000
DP 80 - Budget Amendment Adjustment	0.00	0	(44,651)	(1,972)	(46,623)	0.00	0	(44,651)	(1,975)	(46,626)
Total Other Present Law Adjustments	3.00	(\$99,530)	\$28,044,513	\$4,916,764	\$32,861,747	3.00	(\$98,925)	(\$9,207,566)	\$972,640	(\$8,333,851)
Grand Total All Present Law Adjustments					\$34,277,562					(\$6,893,054)

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 18 - Permitting Alternative Pay Plan Adjustments - The legislature approved a request for a budget reduction to offset the increased costs associated with the agency-wide move to pay plan 20. As a result of the reductions, the department will reduce: 1) contracted services in the areas of training, information technology development, and research; 2) reduce future purchases of computers, field and office supplies; and 3) the amount of travel. In addition, the legislature eliminated vacant positions to fund a portion of the cost.

DP 19 - Administration Base Adjustment - The legislature approved a request for authority for increases in management assistance, supplies, travel, training for administrative staff, and consultant services.

DP 21 - Bond Forfeitures/Settlements - The legislature approved a request for \$30.4 million of restricted, biennial authority to be used for reclamation of mine sites, with funding coming from bond forfeitures or settlement agreements. The total authority represents the amount of bonds held by the department plus any estimated settlements.

DP 23 - MEPA Projects Base Adjustment - The legislature approved a request for a base increase to restore fiscal 2002 authorized amounts in areas where increased expenditures are anticipated for consultant services for assistance on EIS's.

DP 24 - Air Budget Adjustments - The legislature approved an increase for travel, supplies, communications, training, and indirect charges due to vacancies. The program had several vacant FTE in fiscal 2002 that resulted in expenditure categories being under-spent. The executive is anticipating full staffing levels in the upcoming biennium.

DP 25 - Hazardous Waste Base Adjustment - The legislature approved an increase in indirect expenditures in anticipation of full staffing.

DP 26 - Asbestos Budget Adjustments - The legislature approved a request for a base increase to fund overtime and indirect charges.

DP 27 - Junk Vehicle Base Adjustment - The legislature approved a request for a base increase to fund overtime, pay for vehicle crushing, provide additional legal fees, increase travel, pay for non-department meeting rooms, maintain an aging vehicle, and pay for increased indirect costs.

DP 28 - Public Water Supply Base Adjustment - The legislature approved a request for a base increase to fund operating expenses due to extended program vacancies that occurred as a result of an inability to attract qualified applicants to the program. The executive anticipates staffing to return to full levels over the next biennium.

DP 29 - Solid Waste Base Adjustment - The legislature approved a request for a base increase to restore fiscal 2002 authorized amounts in areas where increased expenditures are anticipated. The adjustment will be used for personal services and operating expenses due to program vacancies. The executive anticipates staffing to return to full levels.

DP 30 - Waste Water Operator Certification Base Adjustment - The legislature approved a request for a base increase to fund operating expenses and travel. In addition, the adjustment would include a correction of a data entry error. A portion of this base adjustment request (\$42,234) was entered in the Public Water Supply Program request. This request has been amended to reincorporate this amount while the Public Water Supply Program base adjustment request has been reduced by this amount.

DP 31 - Hard Rock Base Adjustment - The legislature approved a request for a base increase to fund an increase in

indirect costs, anticipated costs of printing and photocopying, and additional vehicle repairs and maintenance.

DP 32 - Major Facility Siting Act Base Adjustment - The legislature approved a request for a base increase to fund books, leased vehicles, and administration costs. Also included is a continuation of a 17-7-140, MCA, reduction of \$54,000 in each fiscal year. The primary reduction goals established through implementation of 17-7-140 (spending reductions), MCA, in this program were to reduce division operating expenses, travel, supplies, temporary services, communications, and staff training. Mitigation measures will include continued use of older supplies and equipment by increasing maintenance, combining trips, and seeking more on-line and/or sponsor-provided training. Although increases are included, the net impact of this decision package is a net general fund reduction.

DP 33 - Major Facility Siting Projects Base Adjustment - The legislature approved a request for a base increase to review plans for proposed facilities in an effort to comply with mandatory review time frames. This authority will be used for future Major Facility Siting Act projects with funding collected from MFSA fees.

DP 34 - Hard Rock Debt Service Base Adjustment - The legislature approved a request for authority to spend money raised through the sale of hard-rock mining reclamation bonds authorized by SB 484 in the 2001 legislative session on reclamation of mine sites. The legislature approved special revenue authority of \$5.5 million for these purposes.

DP 35 - Hard Rock Federal Funds Base Adjustment - The legislature approved a request for a base increase to fund reclamation of mine sites. These projects are funded by various federal sources such as the United States Forest Service, Bureau of Land Management, Environmental Protection Agency, and the Corps of Engineers.

DP 36 - Coal Program Base Adjustment - The legislature approved a request for a base increase to fund supplies, travel for inspections, and indirect costs due to vacancies and extended leave, rent increase in the Billings office, and vehicle maintenance.

DP 37 - Opencut Program Base Adjustment - The legislature approved a request for a base increase to fund overtime, microfilming, work study, temporary services, contracted services for hydrology and wildlife expertise, communications, increased use of motor pool lease vehicles, and other indirect costs. In addition, this adjustment replaces general fund with reclamation and development funds.

DP 38 - Subdivisions Base Adjustment - The legislature approved a request for a base increase to fund overtime, increases in supplies, communications, travel due to vacancies, and restoration of costs of paying counties for subdivision reviews.

DP 39 - Water Permits Base Adjustment - The legislature approved a request for a base adjustment to address program costs due to delays in hiring 4.00 new FTE in the Permitting Program that resulted in an under-spending of operating costs.

DP 42 - Revolving Fund Drinking Water Set Asides - The legislature approved a request for spending authority for additional federal state revolving funds to implement the federal Safe Drinking Water Act. Amendments to the original act increased state requirements for public drinking water systems on an annual basis. This authority will add 3.00 FTE and fund increased expenditures for contracted services to provide on-site technical assistance and training for system operators. The FTE will be used to implement new rules and regulations and to provide assistance and technical advice to water system owners and operators implementing the requirements.

DP 46 - Hazardous Waste Contract Services - The legislature approved restricted, one-time, biennial funding for the Hazardous Waste Program for contracted technical assistance with funding from hazardous waste fees. The authority will be used for contracted services to review new hazardous waste permit applications and ongoing permit and corrective action activities. Contractors will investigate facility background; review plans to characterize release of hazardous waste to land; water, or air; identify contaminant sources; prepare human health and ecological risk assessments; and verify data quality. This is not an on-going activity.

DP 47 - Wastewater Exams - The legislature approved a request for authority to obtain contracted services in the Operator Certification Program. Part of the Operator Certification Program approval by EPA materials used to certify operators of public water and wastewater systems must be regularly updated to include the latest regulations and techniques. This authority will provide spending authority for contracted services to update the exams and study guides. Funding will be obtained from Drinking Water State Revolving Fund (SRF) set-aside grants and operator certification fees.

DP 48 - Operator Reimbursement Implementation - The legislature approved a request for base increases to fully implement the Operator Reimbursement Program. This was a new program during fiscal 2002 and base expenditures were very low. Funding will be used for contracted services, supplies, communications, travel, and other expenses. Final program and grant approval and award by EPA for this program were not received until late in the base year. Therefore, it was not possible to implement the program in time for a full year of operation and expenditures. Now that the grant award has been received, the program is able to begin full operations and reimbursement of training and certification costs for water and wastewater operators. Funding is 100 percent federal.

DP 50 - Junk Vehicle Grants to Counties - The legislature approved a request to provide grants to counties for administration of local junk vehicle programs. Funding comes from the junk vehicle disposal fee.

DP 51 - Abandoned Vehicle Reimbursements - The legislature approved a request for spending authority in the Abandoned Vehicle Reimbursement Program to meet a \$0.15 set-aside mandated by HB 124 in the last session. HB 124 states that \$1 for each passenger car or truck under 8,001 pounds gross vehicle weight that is registered for licensing must be paid to the motor vehicle recycling and disposal program. Of each dollar, 15 cents must be used for the purpose of reimbursing the hired removal of abandoned vehicles.

DP 69 - Waste Management Database Development - The legislature approved one-time, restricted authority for database maintenance and enhancements for the recently developed enterprise-wide databases within the Waste Management Section. The conversion of the Waste Management Section's database from AREV to an ORACLE based system was completed in the 2003 biennium.

DP 70 - Database Maintenance Contracts - The legislature approved a request for database maintenance and enhancements for the recently developed enterprise-wide databases within the Permitting Division. Over the past two biennia, the Air, Hazardous Waste, Asbestos, Hard Rock Mining, Coal Mining, Opencut Mining, Subdivision, Water Discharge Permitting, and Public Water Supply programs have or are currently updating databases to an ORACLE based system. The databases are used to track environmental conditions such as air emissions and water discharges, fees, permits, compliance activities, licenses, and accreditations. Funding comes from a variety of sources including, subdivision plat review, asbestos control, air quality fees, and EPA grants.

DP 80 - Budget Amendment Adjustment - The legislature approved a request for a technical adjustment to correct a clerical error. According to the executive, expenditures were improperly recorded to a budget amendment reporting level in the state accounting system in error.

New Proposals										
Program	FTE	Fiscal 2004				Fiscal 2005				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 59 - Homeland Water System Security										
50	1.00	0	0	150,000	150,000	1.00	0	0	150,000	150,000
DP 201 - Reorganize MEPA to Program 10										
50	(3.00)	(153,126)	(1,000,000)	0	(1,153,126)	(3.00)	(153,052)	0	0	(153,052)
DP 501 - Hard Rock Mining Reduction										
50	(1.00)	(208,094)	0	0	(208,094)	(1.00)	(193,906)	0	0	(193,906)
DP 502 - Eliminate Alternative Payplan FTE										
50	(3.50)	0	(163,094)	0	(163,094)	(3.50)	0	(163,094)	0	(163,094)
DP 503 - County Junk Vehicle Payments -- SB 107										
50	0.00	0	253,499	0	253,499	0.00	0	258,069	0	258,069
DP 6800 - HB 13 - Pay Plan										
50	0.00	3,360	30,099	15,858	49,317	0.00	14,427	128,298	67,562	210,287
DP 7029 - Solid Waste General Fund Reduction										
50	0.00	(40,000)	40,000	0	0	0.00	(40,000)	40,000	0	0
DP 7039 - Water Permits Funding Adjustments										
50	0.00	(36,500)	36,500	0	0	0.00	(36,500)	36,500	0	0
Total	(6.50)	(\$434,360)	(\$802,996)	\$165,858	(\$1,071,498)	(6.50)	(\$409,031)	\$299,773	\$217,562	\$108,304

New Proposals

DP 59 - Homeland Water System Security - The legislature approved a request for authority to implement water system security planning. This authority will fund 1.00 FTE to work with water system operators to assess system vulnerability and to establish contracts for technical assistance and training for the facility owners and operators. This program will utilize funding from the federal government proposed to assist states in protecting their water systems.

DP 201 - Reorganize MEPA to Program 10 - The legislature approved a request for authority to conduct an internal reorganization by moving the MEPA Program from Permitting & Compliance to Centralized Services. NP 200 in the Centralized Services Division is a similar request that completes the reorganization.

DP 501 - Hard Rock Mining Reduction - The legislature approved a reduction of 1.00 FTE impacting the Major Facility Siting and Hard Rock Mining Programs. Impacts of this reduction might include longer permitting timeframes; reduced administrative support; increased reliance on department staff for database maintenance; and reduced ability to contract for technical assistance when complex environmental conditions are identified.

DP 502 - Eliminate Alternative Payplan FTE - The legislature eliminated 3.50 FTE associated with the alternative pay plan reductions. By eliminating FTE, the personal services portions of the alternative pay plan reductions become permanent in nature.

DP 503 - County Junk Vehicle Payments -- SB 107 - The legislature approved funding to implement a portion of SB 107. This amendment gives the department authority to increase amounts that DEQ pays to counties annually to fund junk vehicle programs from \$1.00 to \$1.25 per vehicle. SB 107 has been passed and approved.

DP 6800 - HB 13 - Pay Plan - The legislature passed a pay plan in HB 13 that provides an additional \$44 per month in insurance contributions in calendar 2004 and an additional \$50 per month in calendar 2005, as well as a \$0.25 per hour salary increase in the final six months of fiscal 2005. These amounts represent this program's allocation of costs to fund the pay plan. An additional \$44 per month in insurance contribution for the first six months of fiscal 2004 was not funded.

DP 7029 - Solid Waste General Fund Reduction - The legislature approved a request to reduce the general fund appropriation in the Solid Waste program by \$40,000 in each year of the biennium through a funding switch. The adjustment will be accomplished by switching 8 percent of position 00421 (Solid Waste program) and 47 percent of position 00020 (Solid Waste Program) to the Junk Vehicle Program.

DP 7039 - Water Permits Funding Adjustments - The legislature approved a request to reduce the general fund appropriation through a funding switch within the Water Permits Section. This adjustment reduces general fund authority and increases state special revenue authority by \$36,500 in each fiscal year. Approximately \$36,500 in groundwater permit fees are deposited into the permit program fund (02278) that replaces this general fund.

Language

"In item [Permitting and Compliance Division, Hard Reclamation Bond Proceeds], up to \$2,500,000 of the \$5,500,000 must be used to fund the account for perpetual water treatment at the Zortman and Landusky mines. The funds may be used for this purpose only if congress appropriates at least \$10,000,000 for this same purpose during the biennium. If congress makes this appropriation, the amount of bond proceeds that must be allocated to this account is the amount that, when added to the amount appropriated by congress, equals \$12,500,000."